

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 01817 101756Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
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-----059044 110802Z /64
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FM AMEMBASSY LISBON
TO SECSTATE WASHDC 5009

LIMITED OFFICIAL USE LISBON 1817

E.O. 11652: N/A
TAGS: ECON, ELAB, PO
SUBJECT: GOVERNMENT DIRECTIVE ON PRICES AND WAGE COSTS

1. GOP PUBLISHED IN MARCH 6 "DIARIO DA REPUBLICA" DIRECTIVE ON PRICE POLICY IN RELATION TO WAGE COSTS. IN DETERMINING PRICES OF GOODS AND SERVICES SUBJECT TO PRICE REGULATION, GOVERNMENT WILL CONSIDER ONLY WAGE COSTS AT LEVEL PROVIDED IN SECTOR'S LABOR CONTRACT. WAGES PAID IN FUTURE ABOVE CONTRACT LEVEL WILL, THEREFORE, HAVE TO BE ABSORBED FROM PROFITS RATHER THAN BEING PASSED ON IN PRICE INCREASES. RETROACTIVE PAY INCREASES OF MORE THAN THREE MONTHS WILL ALSO NOT BE CONSIDERED AS WAGE COSTS IN DETERMINING PERMISSIBLE PRICE INCREASES.

2. COMMENT: MANY COMPANIES ROUTINELY PAY WORKERS HIGHER SALARIES THAN THOSE STIPULATED IN UNION CONTRACTS. THIS DIRECTIVE PROMISES BOTH A SQUEEZE ON PROFITS AND A HARDER POSITION BY EMPLOYERS IN WAGE NEGOTIATIONS. THE GOVERNMENT INTENDS BY THIS DIRECTIVE TO HOLD THE LINE ON PRICE INCREASES.
BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES, COSTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
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Disposition History: n/a
Disposition Reason:
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Litigation Codes:
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Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 05aaacc9-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
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TAGS: ECON, ELAB, PO
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